
KNOWLEDGE MANAGEMENT: A Philosophy for Change in Government?

"Information can be seen as closely related and complementary stages along the same road, as such both perform essential roles in the decision-making process.....by selecting and analysing data, information can be produced; by selecting and combining information, knowledge can be generated; from this decisions can be made and action taken."

- KM: Lynchpin of Change by Sylvia P. Webb. ASLIB, London, UK

Following is an illustration of this point - how do you distinguish between data, information, and knowledge?

For instance, if you are standing in Union Station in Toronto wanting to go to Ottawa, you may consult a timetable (data) to look up the departure of the next train (information). Then you may look at your watch to see what time it is (more information) and subtract this from the departure time so that you know how long you have to wait (knowledge). Along with knowledge of the other options open to you, you can then decide what there is time for: enough only to board the train ... or to buy a newspaper first?...or to make a call to the office?...or to buy a coffee and read the newspaper? (decision and action).

Thus, we see from this a processing hierarchy:

DATA to INFORMATION to KNOWLEDGE to DECISION to ACTION

But what is KM all about and why is it relevant to people in the public sector, and particularly at the local government level?

Knowledge management as a philosophy has recently evolved. The private sector has been using the precepts to fairly good effect. In the burgeoning knowledge economy, companies have deployed the precepts of knowledge management to develop new products and services. This has resulted in new areas of profit and growth in market share for many companies. In addition, there is now a lot of software on the market that enables companies to manage their vast information holdings and utilize their human resources within their organizations. The private sector understands the value of knowledge as it is the APPLICATION of knowledge that assists organizations in not only the development of their products and being effective in the marketplace but in running an effective organization. Large multinationals are turning to KM principles as many of them realize that they, like big governments, have become cumbersome and bureaucratic. Within their own organizations there are vast pools of knowledge going untapped.

As business is driven by the demands of the market place, they have been able to merge business practices with technologies that facilitate this discipline.

Thus, there are many success stories of how companies are profiting and expanding through the application of these precepts. Many of the large consulting companies around the world now have sections of their firms that specialize specifically in knowledge management. But there is not as clear a vision in the public sector as to how this growing discipline can be applied to their activities.

The World Bank organization has a six person Knowledge management secretariat whose sole responsibility has been to reorganize the Bank using KM principles but to also apply them internally. They have 500 full time knowledge management workers within their organization and another 300 part time. Their President has stated that "the application of knowledge management not only within our organization but to all the countries we deal with (especially developing countries) is more important than the lending of money." This is the application of the old Chinese proverb which says:

"If you give a starving man a fish to eat you will feed him for that day.
If you teach a man how to fish you will feed him for life." Thus, education
And the imparting of knowledge is crucial for the solving of many economic and social dilemmas.

Most governments currently operate on administrative systems developed in the nineteenth century. It is a system of governance that worked well for most of this century. However, with the continuing evolution of our information and communications technologies, government is facing profound change. The electronic world is challenging and changing how we look at government and governance.

We are now witnessing the emergence of new forms of governance forced upon us by the changes brought by the electronic world and the concomitant changes in society itself. Different precepts for governance are becoming essential if governments are to operate effectively in this new culture.

Adaptability is a key component of this change. In our new environments we need to draw upon:

1. our information resources;
2. the intellectual capital of individuals;
3. the multitude of resources available to government, and
4. the input of citizens who now have the capacity to play an interactive role in the process of government.

The key to addressing this change lies within knowledge management. This is a discipline that has been well articulated for the private sector but for government there is still uncertainty as to what it means to strategic applications and the development and administration of programs both within individual organizations and across government.

The challenge for the public sector is developing and exploring meanings of knowledge management with specific emphasis on how this is applicable to government and the workplace. Governments need to evolve specific solutions for the application of knowledge management precepts.

Those in the public sector who are now thinking about this emerging discipline realize there is a clear need to determine applications to strategies, programs and administration of government departments. The first step is going to have to be the drawing of one of their most important resources - the intellectual capital of people who work in the public service. There are probably many employees who understand the nature of our new information and communication technologies. They could be put to effective use in this managing the change governments are now facing. Also, there are now software tools that could be used to bring together much of the vast information holdings of government. This could be a means to offer more government information to the public in many different forms - especially through the use of web sites.

Citizen input and participation into the public sector process is another vast resource that could be drawn upon to better improve services and programs. Governments are moving more and more towards the electronic delivery of integrated services across the country. Citizen input is going to become crucial to the success of this program. It is going to be important to develop ways for citizens to respond and interact with government. The government is, at present, the single, largest repository of government information. In the knowledge economy it is not going to be enough to solely connect Canadians to the Internet (though it is a major start making us the most connected in the world) but also facilitating the development and usage of information. This can be accomplished by finding innovative and creative ways of sharing and providing information. This would then allow individuals to take full advantage of the knowledge economy. In essence, governments are going to have to partner with citizens.

This is a major challenge as in the past governments have tended to have had a hands off relationship with the citizenry. In the wired world electronic governance is a two way activity - that is, interactive. Governance as we knew it is gradually shifting and this is changing our government institutions. Knowledge management principles can be the key to managing this transition and effectively adapting to the changes occurring in our society.

In summary, following are some basic principles that many people involved in knowledge management, appear to apply:

- * recognizing and building on in-house individual expertise.
- * formalizing to varying degrees the harnessing of knowledge through the use of appropriate systems
- * passing on knowledge
- * developing it from an individual asset into a corporate one
- * encouraging the growth of an open corporate culture in which knowledge is viewed as being central to organisational development and to the efficiency of methods of business operation.

The challenge for public sector organization in the ever evolving knowledge economy is to be able to effectively respond not just to economic developments but, more importantly, to the sweeping social and cultural shifts that will come with it. Knowledge management could be one of the applicable tools to use in the coming transformation.

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Oversight Hearing

[Electronic Commerce: Current Status of Privacy Protections for Online Consumers](#)

Subcommittee on Telecommunications Trade & Consumer Protection

July 13, 1999

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Panel 2, Witness 1

Thank you, Mr. Chairman. My name is Bob Lewin. I am the executive director of TRUSTe. I want to start off by thanking you, Mr. Chairman, and the members of the Committee for the invitation to speak today.

As many of you know, TRUSTe is an Internet privacy seal program operating independent from industry and government. For more than two years, we have been working to address consumer privacy concerns by providing Web businesses with the TRUSTe Privacy Seal, a symbol which effectively communicates a site's privacy practices and provides consumers with a powerful oversight mechanism. Our goal from the beginning was to establish a program easy enough for a consumer to understand, but with teeth to ensure compliance. With the TRUSTe seal, that is exactly what we accomplished.

I would like to spend a little time today talking to you about the TRUSTe program and where it is headed. I would also like to talk to you about how our program fits into the overall self-governance model and how that framework is proving to be the most effective way of ensuring the healthy growth of this new medium.

When we began development of the TRUSTe program in 1996, consumer privacy concern was barely a blip on the Industry's radar. But at the time several studies pointed to a general distrust in the medium, emanating largely from the fear that participation would compromise personal privacy. We understood, though, that this was only the tip of the iceberg and that the lack of trust would have staggering implications to the success of Internet commerce. Simply put, just as trust is critical to the healthy growth of communities, the absence of trust can cripple economic growth.

However, we were confounded by a complex problem: how do you regulate business practices on a global medium that is constantly changing and fast growing? It was clear to us that the answer was not in what many called self-regulation, defined by most as industry being given free-rein to act on its own accord. Similarly, we believed that government oversight in the form of laws and statutes wouldn't work within the global and evolving framework of the Internet.

What we created with the TRUSTe privacy seal program was a solution that melds the weight of government pressure with the discipline of self-regulation. That solution is called self-governance. Self-governance is three-dimensional system that leverages a variety of pressure points (from consumers to government to industry) to implement appropriate practice. Under the framework of self-governance, industry doesn't act alone; rather, it acts in concert with existing laws and mores. [Some would say that this is the Internet's version of Checks and Balances].

Perhaps the brightest sign that the self-governance framework is working is the success of privacy seal programs, such as TRUSTe. I'd like to take a few minutes to describe our program, give you an overview of how the program is doing, and tell you where TRUSTe is headed.

In many ways, the TRUSTe program is the online privacy version of the Good Housekeeping Seal of Approval. Although even *that* characterization is a little misleading. TRUSTe is, in fact, a far more robust tool. There are a few reasons that best illustrate this.

First, displaying the TRUSTe seal goes beyond illustrating the commitment of the Web publisher to disclose privacy practices. TRUSTe provides consumers with immediate and easy access to the actual privacy policies by just the click of a mouse.

Second, the TRUSTe seal itself has raised its minimum standards of privacy practices disclosure. When we started the program we required only that TRUSTe licensee sites post privacy policies. Today, we require all of our new and renewing licensees to be in accordance with the Federal Trade Commission's standards for fair information practices.

Third, TRUSTe works closely with prospective licensees on the front end to ensure that their privacy practices are in-line with consumer demand. We invest a lot of our own resources to provide counsel to Web sites on how they can better develop trusted relationships online.

By providing consumers with more than just a seal, by consistently raising the bar of entry, and by pro-active counsel to prospective licensees, the TRUSTe privacy seal program has become a leading facilitator of trusted relationships online.

By every metric available, the self-governance model is working. According to the Georgetown Internet Privacy Policy survey, nearly two-thirds of all commercial Web sites are posting some kind of privacy disclosure. When you take that into context with previous benchmarks, the figure is staggering. While direct comparisons with the results of last year's FTC study cannot be made, the fact that 67 percent of sites now post privacy disclosures suggests significant progress has been made. And while we recognize that not all of these disclosures are as comprehensive as they could be, the TRUSTe program gives businesses the tools and the help they need to develop their privacy policies so that they are in line with fair information practices.

Progress can most clearly be seen in the success of the TRUSTe program.

To give you an idea of TRUSTe's growth, in July 1997 we had a total of 15 licensees. Today, that number has risen to more than 800. In fact, more than 90 percent of Web users are on TRUSTe approved sites each month. Looking to the future, our internal projections show that we will have more than 1500 licensees by the end of the year.

Privacy seal programs illustrate a self-governance model that allows an industry to impose rules on itself while, at the same time, exposing itself to outside scrutiny. If a TRUSTe licensee is found to have violated its agreement with us, not only can we sue them for contract violation, but the Federal Trade Commission can take action as well. Beyond that, sites found in violation of the licensing agreement are likely to suffer reputation stains that can jeopardize their market position.

But while a significant amount of progress has been made, there are still (to quote the poet) miles to go before we sleep.

First, now that we have built a solid foundation, our efforts moving forward will be focused on consumer education.

In fact, we are already off to a good start. Last Fall TRUSTe formed the Privacy Partnership, a grassroots advertising campaign aimed at educating online consumers about their privacy rights. Led by an unprecedented union of all of the Internet portal sites, the Privacy Partnership has become the biggest online advertising campaign, ever.

Second, while widespread consumer education and ubiquity is a priority, our focus must be on guaranteeing the safety of the most vulnerable Web users: children. Last fall we launched the TRUSTe children's privacy seal, a special symbol that holds higher privacy standards for Web sites that target kids. In the next year, we will be placing emphasis on promoting this new seal to child-oriented sites.

Lastly, our goal from the outset was to create a globally recognized privacy seal that was suitable for the global Internet medium. With the rise of the European Privacy Directive and its implications to U.S. business, it is critical to make the TRUSTe seal applicable globally, not just locally. To that end, TRUSTe recently expanded its program by appointing an interim European director. We will continue to build that program out, as well as look to other regions for growth.

By focusing our efforts on consumer education, children's privacy and international expansion, we are making progress in not only gaining ubiquity for the TRUSTe privacy seal, but we are succeeding in creating a safer online environment for everyone.

I want to conclude by thanking you, Mr. Chairman, for inviting me here today. Online self-governance has become a distinct characteristic of the Internet. Privacy seal programs and the quick mobilization by the online community to address consumer privacy concerns indicate that the self-governance model is working. But we need to realize that self-governance, like the medium itself, is in its nascent stages.

The vision of self-governance is a result of the democratic quality of the Internet, where the law is defined largely by the engagement and participation of each community member. That requires the participation of all members of the Web community, from the media to businesses to advocacy groups, in educating consumers about their privacy rights online and what road signs to for on the Web. It also requires the engagement of public policy decision-makers in scrutinizing the activity of the online world. But, at the same time, it is critical now more than ever to not pass unnecessary regulations that will stand in the way of the healthy growth of this medium.

Based on the initial success of the TRUSTe program, the rise in popularity of e-commerce and the validating benchmarks of specific Web studies, we are well on our way to creating a safer and consumer empowering environment on the Web.

I would now be happy to answer any of your questions. Thank you.